



# **PSC NEWS**

## **Missouri Public Service Commission**

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**FOR IMMEDIATE RELEASE**

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### **LACLEDE GAS COMPANY RATE REQUEST SLASHED BY 75 PERCENT UNDER AGREEMENT APPROVED BY THE PSC**

JEFFERSON CITY---The Missouri Public Service Commission has approved an agreement which will slash by approximately 75 percent, a natural gas rate request filed by the state's largest natural gas company in February. Laclede Gas Company last received a general rate increase in 2002. The rate increase approved by the Commission reflects the increased costs incurred by Laclede since its last general rate case to operate and maintain its 15,000-mile distribution and storage system, providing service to approximately 631,000 natural gas customers.

The agreement calls for a new low-income energy assistance program, changes to Laclede's deposit provisions, increased notice to customers facing disconnection of service and an extension of hours permitting customers to pay overdue bills and avoid disconnection of service.

The agreement approved by the Commission was entered into by the natural gas company, the Office of the Public Counsel (the state agency which represents the general public before the PSC), the PSC staff and several large customers of Laclede. The rate case decision takes effect for service on and after October 1, 2005.

Under the agreement, Laclede's annual natural gas revenues would increase by approximately \$8.5 million or 75 percent less than the company request of approximately \$34 million filed in February. For an average residential customer using 961 therms of natural gas a year, the increase would be approximately \$1.05 a month. The company sought a \$4 a month increase in its original filing. The \$1.05 represents an approximate 1 percent increase in the residential customer bill.

The agreement approved by the Commission calls for:

- A new \$1 million low-income energy assistance program to help Laclede's most vulnerable customers. The Low-Income Energy Affordability Program would increase the amount currently being used for weatherization and provides a new energy-efficiency rebate program. The program would be jointly administered by the Community Action Agencies and Laclede in Laclede's service territory.

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- There would be changes to customer deposit provisions. The maximum amount of deposit that may be required would be computed using 4 times the customer's average bill in a 12 month period. Currently, the customer deposit could be 2 times the customer's highest bill.
- Under the agreement, Laclede may extend its hours of disconnection which would give Laclede the opportunity to make contact with the customer one last time, and permit the customer to pay the overdue bill and avoid disconnection. Current hours are 8:00 am to 4:00 pm. Under the agreement, the hours would be 7:00 am to 7:00 pm or to sunset, whichever is earlier.
- The agreement would provide, on an experimental basis, for an increase in the number of days that a notice of discontinuance is effective from the current practice of 11 business days to 30 calendar days before a discontinuance could occur.
- The agreement would continue Laclede's Gas Supply Incentive Plan that was proposed by the Office of the Public Counsel in Laclede's last rate case. The parameters of the current plan have been modified to account for the increase in the cost of natural gas. The Commission would continue to have review authority of Laclede's natural gas purchasing practices and prudence reviews.

This rate increase reflects Laclede's operating and maintenance expenses and a return on investment in plant, such as natural gas mains and service lines carrying natural gas to the customer's home or business. The Missouri Public Service Commission does not regulate the rates charged to Laclede Gas Company for natural gas by wholesale suppliers. Wholesale supplier gas costs amount for approximately 65% to 80% of a customer's total monthly natural gas bill.

Laclede Gas Company provides natural gas service to customers in the City of St. Louis as well as the Missouri counties of St. Louis, St. Charles, Butler, Iron, Franklin, Jefferson, Madison, St. Francois and Ste. Genevieve.